Monthly Market Report

July 2013

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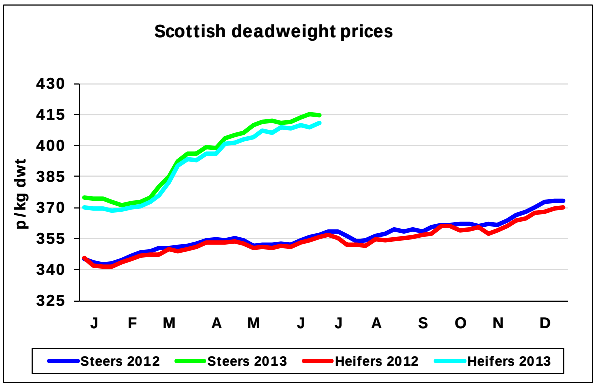
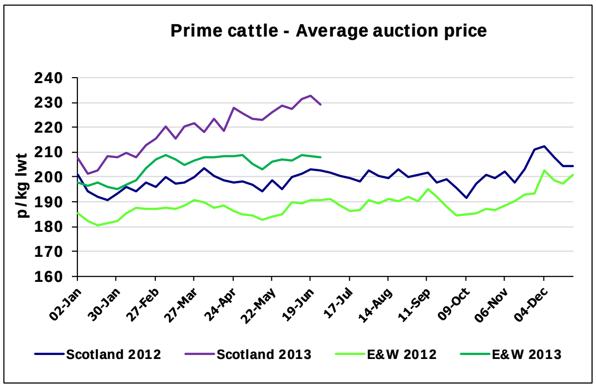
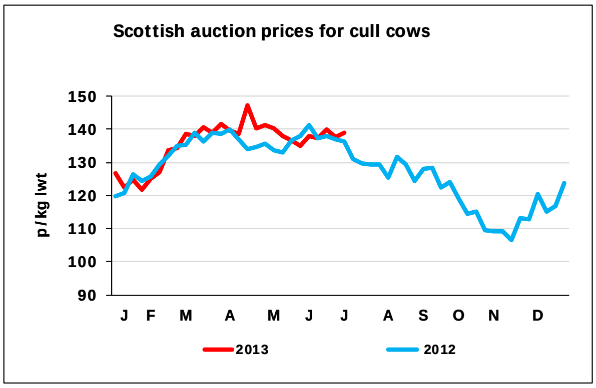
MARKET REPORT July 2013

Cattle

Prices and Supplies





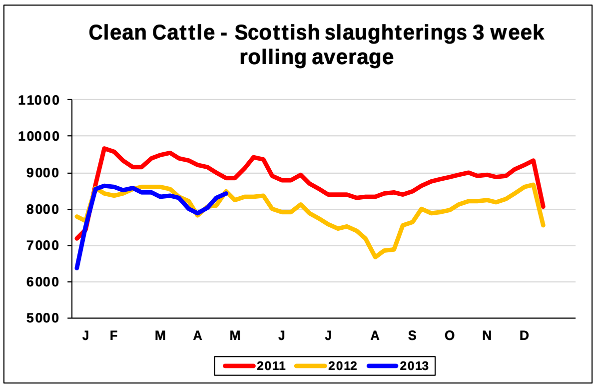


Prime cattle prices continued to move forwards in June, but at a slower pace than in previous months. Deadweight steers closed the month up 4p/kg dwt at nearly 415p/kg; heifers edged 2p/kg higher to almost 411p/kg; and young bulls added 7p per kilo to end June at 403.5p/kg. These prices were 15-17% higher than at the same point last year. As June moved into July the prime cattle average at Scottish auctions fell back, leaving it only marginally higher than a month earlier at 229p/kg lwt. Nevertheless, the underlying trend has been one of steady growth and auction prices traded around 15% higher year-on-year. By contrast, prime cattle auction prices in England and Wales have held steady at 206-208p/kg lwt since early March, and, at the mid-point of 2013, were 9% more expensive than a year earlier.

After a short period from mid-April to mid-May when cull cow prices showed a 5-6p/kg lwt year-on-year premium, they have since moved back closely in line with 2012 levels. During June, the average cow sold for just under 140p/kg lwt. From last December until recently, deadweight prices had consistently been running approximately 5% ahead of year earlier levels. However, the trade cooled towards the end of June and at 295p/kg dwt, they were just 0.5% higher year-on-year.

Defra slaughter statistics for May showed that UK prime cattle supplies remained tight. Numbers killed fell 2% on the year and lighter carcase weights (by 2.5%) pushed production volumes down 4% to 52,600t. In the first five months of the year, prime cattle slaughterings fell 2.5% and the volume of meat produced fell 4.5%.

In terms of the breakdown by category, steer supplies were tightest during May with numbers down 4.5% year-on-year. Young bull supplies also tightened relative to 12 months earlier with numbers falling 0.5%; their first decline in eight months. By contrast, 1% more heifers were killed than in the same month last year. This suggests that given the severe challenge of the previous twelve months, strong prices led producers to cash-in more of their heifers and retain fewer for future breeding.

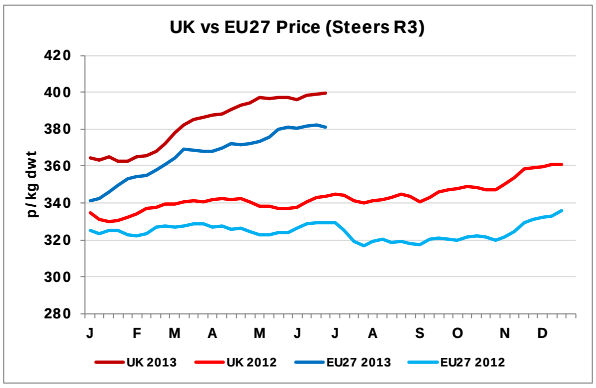


Scottish abattoirs continued to prove better supplied with prime cattle than the UK as a whole. May slaughterings surpassed year earlier levels by 4%. Like in the UK as a whole, heifers were in relatively better supply with 5% more killed than in May 2012. However, in contrast to the rest of the UK, steers were also in better supply with 3.5% more slaughtered year-on-year. Meanwhile, the number of young bulls presented for slaughtered edged higher on the year. Increased supplies during May helped push the prime cattle kill marginally higher year-on-year during the first five months of 2013. However, lighter carcase weights meant that production volumes fell back.

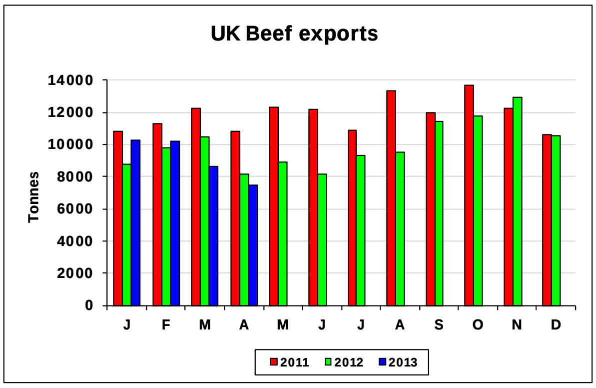
For the first time in eleven months the number of mature cows and bulls slaughtered at UK abattoirs fell behind year earlier levels. Throughput decreased nearly 4% below May 2012 levels. This suggests that weather-induced herd liquidations may have slowed; although with heifer slaughterings continuing to rise, it may just be a blip.

North of the border, slaughterings of mature stock contracted to an even greater extent in May. Numbers fell 8% short of May 2012 levels. This was the first decline in seven months.

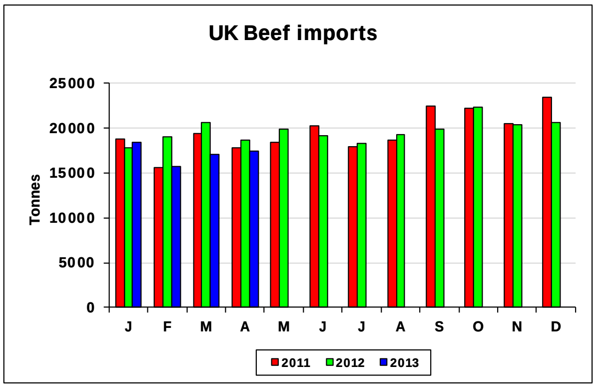
The latest household purchases data from market research firm Kantar Worldpanel showed a 1% year-on-year increase in the quantity of beef purchased in the 12 weeks leading up to June 9th. Once again, a higher average retail price meant that 5% more had to be spent in order to secure this increased volume. Sales of steaks were flat year-on-year as a 5% rise in spending matched the increase in average price while the volume of roasting joints purchased declined by 7.5% as spending flat-lined. However, there were respective increases of 4% and 6% for mince and stewing beef as prices grew at a slower pace than spending.



European prime cattle prices were broadly flat in June, changing by less than 0.5%. While steers edged higher by 1.5c/kg dwt, heifers slipped back 1c/kg and young bulls added 2c/kg. Irish prices hit the buffers in June and finished the month around 1% lower than they had opened it. Meanwhile, there were larger declines of around 2% in Holland, Spain, Poland and France. By contrast, German prices edged higher and Italian producers gained 2.5% on the month. Compared with the mid-point of 2012, prices picked up by around 2% in France, Spain and Italy but were 5% lower in Germany and 9% lower in Poland. Dutch, Irish and UK farmers fared much better with prices up by 6.5%, 8% and 9% respectively. This does however indicate reduced competitiveness for UK producers.



Supply constraints continued to hold back UK beef exports in April. Monthly shipments fell 8.5% on the year to 7,500t after an 18% decline in the previous month. Exports are likely to have slipped back as home produced beef has been in greater demand from UK multiple retailers since the horsemeat scandal, and with production down, exports have had to fall to satisfy this demand. Nevertheless, during April, deliveries to France, Belgium, Germany and Spain continued to run well ahead of 2012 levels. However, sales to the largest UK customers, Ireland and Holland, fell back and sales to Sweden, Denmark and Italy also struggled. Deliveries to non-EU countries increased slightly on the year, led by Ghana and Norway.



April was the third successive month during which UK imports of beef trailed year earlier levels. Monthly volumes of 17,400t were nearly 7% lower than in April 2012, following 17-18% year-on-year declines in February and March. This may reflect a change in consumer demand towards home produced product since the horsemeat scandal. That the fall in imports of frozen product for the February to April period (-29%) exceeded the decline in imports of fresh beef (-7%) supports this conclusion. However, the year-on-year decline in shipments of frozen beef can also be linked to high imports of manufacturing beef in the spring of 2012 ahead of the Olympics, plus increased culling of cows so far this year.

News Round Up

Slaughter data for Ireland's export plants continued to show increased supplies compared with 2012 into the third week of June. In the three weeks to June 22, 53,150 prime cattle were killed compared with 47,800 in the same period last year, a gain of 11%. This is slightly above the 9.5% rate of increase in the opening 25 weeks of the year. A breakdown of the June slaughter data shows that while heifer slaughterings grew in line with the overall figure, steers increased at a higher 15.5% rate but young bull throughput grew by a more modest 3.5%.

With Croatia becoming the newest entrant to the EU on July 1 2013 it may be of interest to look at the shape of its beef sector. Eurostat figures show that its beef herd grew 25% last year to total 14,000 head in December. However, overall cow numbers eased back from 195,900 in December 2011 to 195,000 in December 2012, meaning that although growing fast, the country's beef herd made up just 7% of the total breeding herd. Beef production totalled 46,800t in 2012, a decline of 13% from the previous year.

According to statistics from Brazil's Institute of Geography and Statistics (IBGE), Brazilian cattle production showed a significant increase in Q1 2013. 8.134m cattle were slaughtered in Q1 compared with 7.22m head in Q1 2012, an increase of nearly 13%. Slightly heavier carcasses meant that this produced just over 13% more fresh beef at 1.903mt. Despite higher production, producers saw their price lift almost 1.5% in US dollar terms. However, inflation in beef prices at the retail level was slightly higher at just over 2%. This raised the competitiveness of beef relative to all other sources of animal protein, which saw greater price rises.

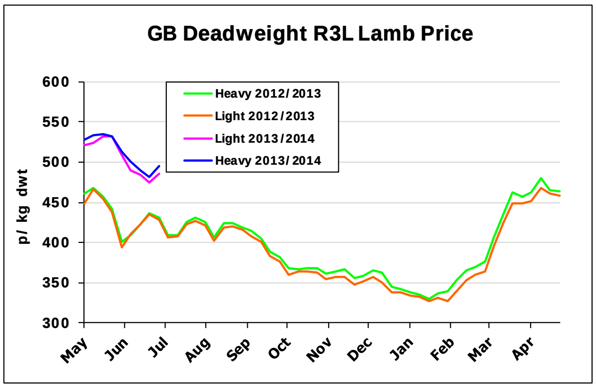
IGBE data also shows considerable growth in Brazilian beef exports in Q1 2013 as sales volumes rose 34% year-on-year to 250,550t. Despite higher producer prices, the average export price fell 5.5% on the year to $4,600/t (£3,000), and this coupled with higher production boosted exports of fresh beef. Export sales revenues, totalling $1.15bn (£750m), were 26.5% higher than in Q1 2012. Russia was the largest buyer of beef from Brazil, taking 29% of the volume, while Hong Kong and Venezuela were also important customers, taking respective shares of 18.5% and 14.5% of total deliveries.

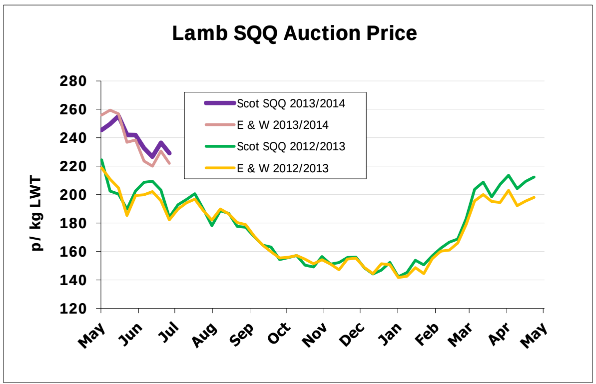
Australian beef exports set a new record of just over a million tonnes in the 2012/13 year (July to June). This marked a 7% increase on the previous year and came despite an 8% fall in shipments to Japan, the largest buyer of Australian beef. Deliveries to Japan slumped to a 10-year low of 298,800t and are now coming under significant pressure from the US following a relaxation of a previous BSE-related import restriction in February. Nevertheless, a weakening of the Australian dollar against the US dollar since May will have helped Australian competitiveness. The US was Australia's second largest customer, taking 206,600t of beef. Although exports to the US have cooled in the first half of 2013, annual shipments lifted by 1%. In third place was Korea and this market showed considerable growth of 12% as deliveries increased by approximately 15,000t to a total of 137,700t. However, this growth rate was only marginal when compared to that seen in deliveries to China. Exports to China expanded by a factor of 12, rising from just 7,750t in 2011/12 to 92,300t in 2012/13. In terms of other regions, the Middle East provided Australian exporters with a growing market and deliveries jumped by half to nearly 48,000t. Deliveries to the EU also picked up strongly, rising 31% to 17,500t.

Last summer's drought continues to affect US cattle supplies. The USDA's latest monthly cattle on feed report shows that 10.74m cattle were living in US feedlots on June 1 2013 compared with 11.08m a year earlier, a decline of 3%. Monthly additions of cattle were 2% lower year-on-year during May at 2.05m head while numbers moving off feedlots to be slaughtered fell 3% to 1.95m head. California was the only major cattle producing state whose feedlots showed higher numbers than a year earlier. Californian feedlots housed 510,000 cattle at the beginning of June, a 4% increase on the 490,000 head a year earlier. By contrast, Colorado and South Dakota had the largest declines of 6% and 7% respectively. Texas, Iowa and Arizona also showed above average declines. With Texas having the largest feeding cattle population (2.63m on 1/6/13), a 5% contraction translated into a loss of 140,000 head. This was equal to 41% of the national decline.

Sheep

Prices and Supplies



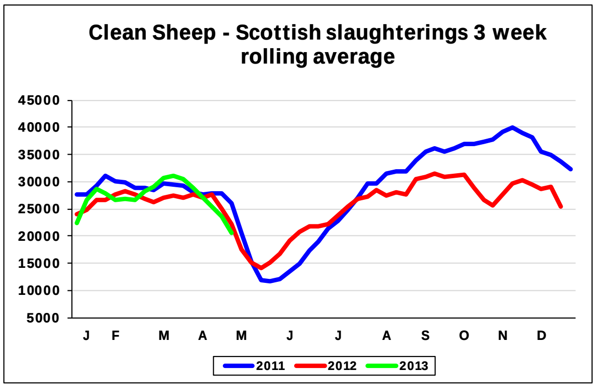


During June, GB deadweight lamb prices followed their historic seasonal trend, falling back as supplies of new season lambs picked up. However, prices did lift again in the final week of the month, possibly as processors competed to secure supplies ahead of the Islamic festival of Ramadan (July 9th to August 8th), and closed June at 494p/kg dwt. This was a year-on-year increase of 15%. The average price paid to the producer during the month was 490p/kg dwt, 15% higher than the 426p/kg dwt paid for new season lambs in June 2012.

The auction trade was also much more buoyant than a year ago during June. Prices at Scottish auctions closed the month a quarter higher than a year earlier at 229p/kg lwt. In the 5 weeks to July 3, prices averaged 232p/kg lwt, 16% higher than the 200p/kg averaged in the same period of 2012.

Provisional slaughter statistics from Defra for May indicate that increased supplies of hoggs were insufficient to offset a slow start to new season sales. Compared with a year earlier, 42,000 fewer prime sheep were slaughtered during May with numbers totalling 722,200 head. This equalled a shortfall of 5.5%. Nevertheless, slaughterings exceeded their May 2011 level.

Moving forward into June, auction market figures at the GB level showed similar numbers of sales to June 2012 as greater numbers of hoggs offset tighter supplies of new season lambs. However, this may also reflect a shift from direct sales to sales through the auction ring.



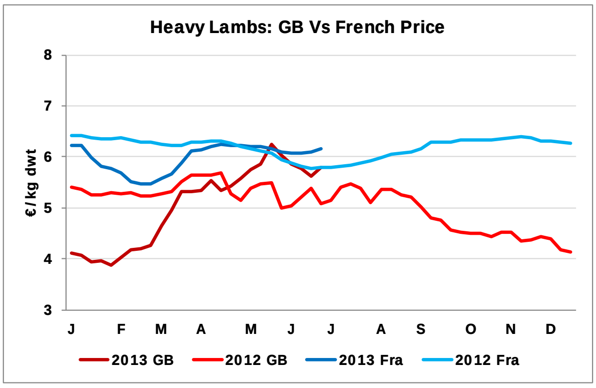
In Scotland, provisional figures from Defra suggest that 29% fewer prime sheep were killed than a year earlier during May. However, QMS levy figures place the decline at less than 10%. Until early July, the number of new season lambs reaching auction markets had generally been running a week behind last year.

In addition to tight supplies of new season lambs, improved carcase quality will have been a second factor supporting producer prices. During June 74.4% of lamb carcasses in the GB price reporting sample either met or exceeded an R3L grade. This compares favourably with the 70.3% that achieved these grades in June 2012.

Kantar Worldpanel data on household lamb purchasing shows a 13% year-on-year increase in volumes for the 12-week period between March 18th and June 9th. Discounted prices (by 5%) made lamb more competitively priced against other proteins which tended to cost more than a year earlier. This encouraged 6% more people to purchase lamb while those who had purchased lamb during the same period last year bought more. Sales volumes grew across the lamb offering, except for shoulder roasts, with leg roasting joints continuing to show the strongest increase (22%) due to the heaviest discounts (-10.5%). At the upper end of the value scale, chops and steaks performed very well, with spending up 16% and sales up 19% as prices were slightly cheaper.

Through much of June, cull ewe prices at Scottish auctions continued to trade close to the £60 a head level where they generally held throughout the second quarter of the year. While this is approximately £15 a head more than they had fetched between September and mid-March, it was lower than prices at the same time last year by a similar degree.

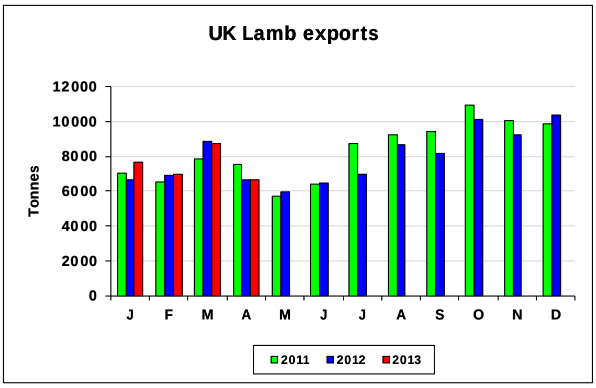
Provisional UK slaughter data for May showed that 17.5% more ewes and rams were culled than in the same month last year. Taking the first five months of 2013 together, slaughter numbers were up by 13.5% year-on-year. This may well explain why cull ewes prices have been trading much cheaper than in 2012.



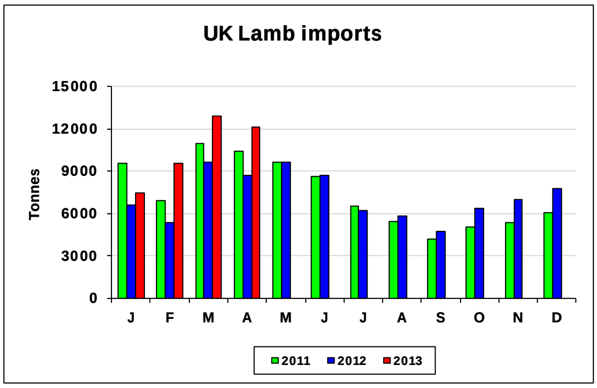
Heavy lamb prices in the EU showed modest gains relative to a year earlier in late June. Across the region, prices averaged €5.36/kg dwt (£4.57/kg dwt) in the week ended June 30, an increase of 6.5%. In France and Ireland producers have seen prices rise by an above average 7% and 9%, while their Spanish and German counterparts achieved gains of 3% and 6%, respectively. By contrast, Dutch and Romanian lambs traded 5% cheaper. In the market for light lambs, whereas Spanish prices traded nearly a fifth higher year-on-year, prices in most other southern EU countries have fallen. Indeed, in Italy, Greece and Hungary prices were 3-6% lower.

Despite a 3.5% weaker Sterling, UK sheepmeat sales to the EU fell slightly year-on-year during April. However, this was offset by higher sales to the rest of the world and overall shipments matched April 2012 levels of just over 6,600t. Flat total sales reflect strong domestic demand (both home production and imports were higher than in the same month last year) which limited the availability of product for export.

The UK's largest market, France, continued to buy less than a year ago with monthly volumes of 3,100t falling 500t short of their April 2012 level. April deliveries to Germany and Italy also trailed year earlier levels after making a strong start to the year. By contrast, deliveries to Belgium edged higher having been down in the first quarter. Meanwhile Holland continued to be a growth market for the UK with sales once again more than double 2012 levels. Sales to the EU averaged a price of £4340/t during April. This was 1% higher than a year earlier in sterling terms but 2% cheaper when quoted in euro (€5,100/t vs €5,210/t in April 2012).



Exports out-with the EU increased their share of the total from 11% in April 2012 to 20% in April 2013, largely due to increased trade with Hong Kong. Hong Kong has been purchasing around 1,000t of cheap cuts each month, thereby helping processors to achieve a better carcase balance. The average value of these sales so far this year has been £1,430/t. Hong Kong accounted for 82% of non-EU sales volumes and 65% of sales revenues in the first third of the year. The other significant non-EU buyer in April was Norway, purchasing nearly 200t of UK lamb; a year-on-year increase of 72%. Revenues from UK sales to Norway accounted for 15% of the non-EU total from 6% of the volumes as the average purchase price was £5,130/t. By contrast, sales to another wealthy European nation, Switzerland, have averaged £11,200/t in the opening third of 2013. However, only 70t of UK lamb was purchased by Swiss importers.



Imports of sheepmeat into the UK during April totalled 12,100t. This was 40% higher than a year earlier and reflects the strength of home demand given that Easter fell at the end of March. New Zealand delivered 9,700t in April, up 37% on the year, while imports from Australia increased by 26% to nearly 940t and increased supplies in Ireland allowed it to deliver 600t of sheepmeat compared with 320t in April 2012. Despite a weaker sterling, the average cost of importing a tonne of sheepmeat was 19% lower in April 2013 than in April 2012 at £3,820.

News Round up

New season lambs had been slow to come forward in Ireland in May with monthly kill numbers down 17% year-on-year. However, sales picked up in June and 3.5% more lambs were slaughtered at Irish export plants in the three weeks to June 22 than in the same period last year. Tighter supplies in the second quarter were more than offset by a substantial increase early on in the year, resulting in 12.5% more lambs being slaughtered in the year-to-date.

Kantar Worldpanel figures for household lamb consumption in France showed a 4% decline year-on-year in the 4 weeks to May 19. A breakdown shows that while consumption of the expensively priced grilling and roasting lamb fell 8%, there was a 2% increase in the sales of stewing and braising cuts of lamb. This indicates that under pressure French consumers are trading down to both cheaper cuts of lamb and other sources of protein.

In the EU's new Member State, Croatia, the breeding flock expanded for a third consecutive year in 2012. Numbers rose 10% to 550,000 head and have risen by 13.5% since December 2009. Over a ten year period the breeding flock has increased by 40% from 392,800 in 2002. According to Eurostat figures just over two-thirds of the Croatian ewe flock was used to produce lambs for meat production in 2012. This compares with 54% in 2002. However, abattoirs produced just 441t of lamb in 2012, a decline of 21% from 2011. This suggests that only 20-30,000 lambs were slaughtered in the country last year. However, given small farm sizes in Croatia, it could also be a reflection of a high level of on-farm slaughtering.

During May 22.5% fewer lambs were killed in New Zealand than in the same month of 2012. Slaughter numbers declined as a consequence of a drought in the first quarter of this year which led producers to sell early, leaving a shortfall later in the year. The effect of the drought can be seen in the slaughter figures for the January to May period as, despite the considerable decline in May, slaughter numbers were still 10% ahead of their year earlier level at nearly 13m head. A further impact of drought conditions has been to lower carcase weights. In May, export graded carcasses averaged 8% lighter than a year ago at 17.1kg.

Drought conditions have also led to increased ewe culling in New Zealand. In the opening five months of the year, abattoirs slaughtered 2.41m adult sheep compared with 2.15m a year earlier; an increase of 12%. Peak slaughtering took place during March and April with respective year-on-year increases of 32% and 50%. In May the year-on-year increase fell back to 7% as ground conditions improved. Higher culling may well reduce supplies of prime lambs for slaughter in the 2013/14 season (October to September) if more female lambs are retained to replace lost ewes.

As lamb slaughter numbers have fallen in New Zealand, producer prices have picked up over the past couple of months. In late June, prices were trading at their highest level in six months of around NZ$5/kg dwt (£2.50/kg dwt). Nevertheless, this was still 13.5% lower on the year. A weakening of the New Zealand dollar since May has eased the reduction in competitiveness caused by recent gains to producer prices.

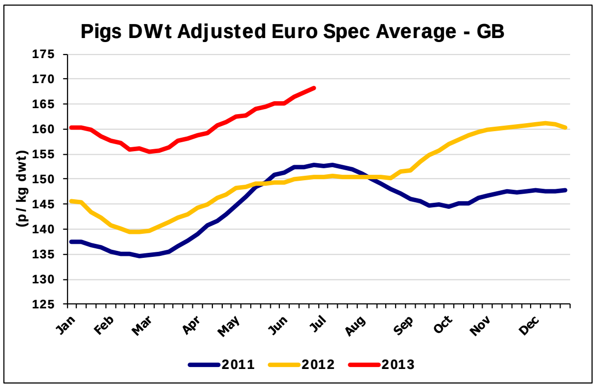
Prices have also picked up in Australia where a similar slaughter pattern to New Zealand has emerged so far this year. The Eastern states trade lamb indicator averaged between A$4.90/kg dwt and A$5/kg dwt in late June (£3/kg dwt) and was up by more than a dollar compared with the first half of May. Furthermore, prices are currently trading at a 16-month high and are around 20% higher year-on-year.

The Australian Bureau of Agricultural Economics and Science (ABARES) expects producer prices to average 5% higher in Australia over the next year than they have in the past year. This forecast is based on reduced supplies with lamb production expected to decline by 7% to 431,000t in 2013/14. Tight supplies have been forecast due to the drought conditions early in 2013 which led producers to cash in breeding stock, and this is likely to bear down on the lamb crop this autumn. Due to tight supplies, exports are also predicted to fall back from record levels. A 12% decline is forecast, leaving exports at 177,000t. By lowering supplies in the global market this may well help to underpin producer prices across the world.

Meanwhile, ABARES has published estimated farm incomes data for the past year. The sales revenues of the average slaughter lamb producer (selling more than 200 lambs per year) is expected to have fallen by nearly a fifth in the 2012/13 year to A$139,000 (£84,000). This decline came as increased sales numbers were more than offset by lower average farmgate prices.

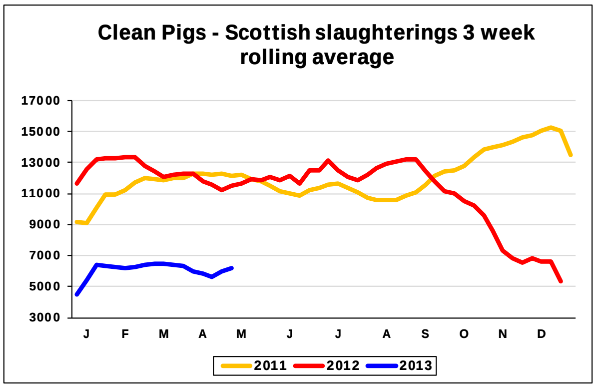
Pigs

Prices and Supplies



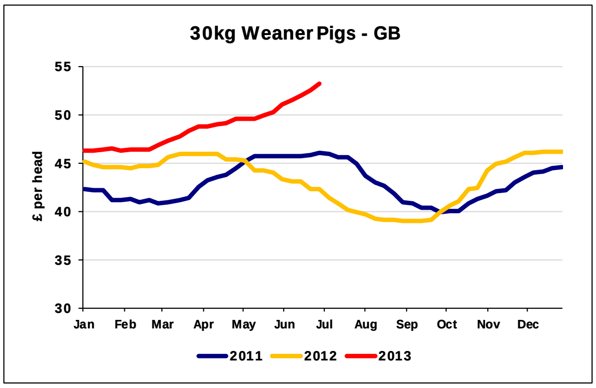
Ex-farm prime pig prices have been rising steadily since March and there was no sign of seasonal stabilisation as July approached. Over the past four months prices have lifted by more than 13.5p/kg dwt, reaching a new record level of 168.18p/kg dwt in the final week of June. On average, the GB producer received 12% more than a year earlier for their pigs in late June.

UK abattoirs slaughtered 739,600 pigs during May. This was 2% fewer than the 754,400 killed in the same month of 2012 and tighter supplies appear to have supported producer prices which rose by 3.7p/kg during May. Nevertheless, in the first five months of 2013 the UK slaughtered 0.5% more clean pigs than in the same period last year, producing 331,600t of pigmeat; an increase of 1.3%. Higher slaughterings so far in 2013 have come despite a 3% reduction in the number of fattening pigs reported in the UK December census.



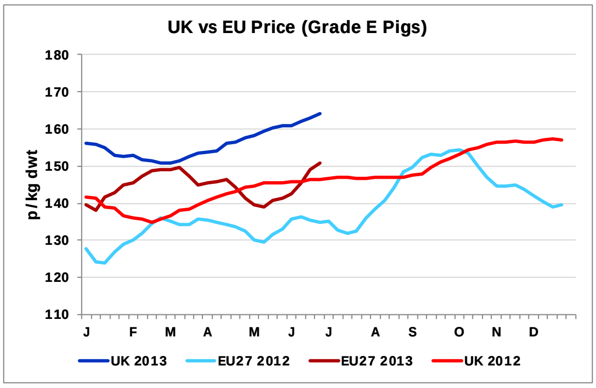
Scottish abattoir kill numbers have been running at less than half of year earlier levels since the closure of slaughtering facilities in Broxburn last October. Weekly throughput has generally fallen within a range between 5,500 and 6,500 prime pigs.

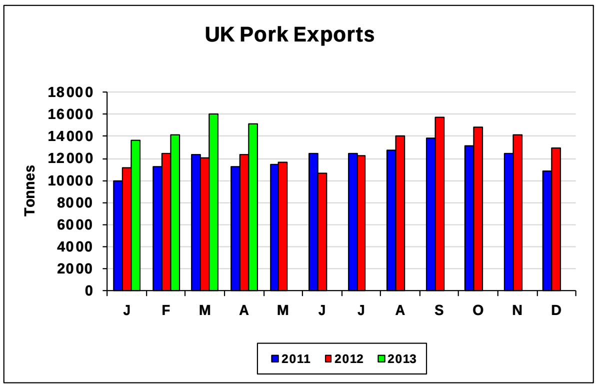
Kantar Worldpanel data indicates that pork consumption volumes fell back 0.7% year-on-year in the twelve weeks to June 9. This fall came despite a more than 3% increase in spending on pork as the average cost of buying pork rose by 4%. Sales of shoulder roasts were hit hardest, declining by 16% as prices lifted by nearly 13%. By contrast, the quantity of loin roasting joints sold rose by 4% as prices only edged higher.

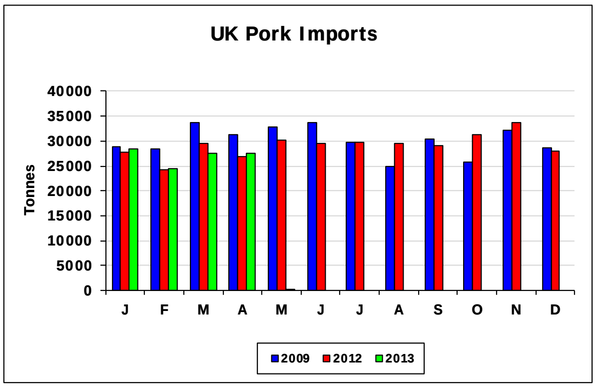


Gains to weaner prices have accelerated in recent weeks. In the six weeks leading up to the end of June, weaner pigs have become £3.40 per head more expensive, trading at £53.23/head in the week ended June 29. Furthermore, compared to the end of June last year prices are a quarter higher. A firmer market reflects rising producer confidence as finished pigs continue to lift in value while feed costs have fallen sharply.

The sow market has also picked up over the past month after cooling in April and May. Having opened June at 98p/kg dwt they picked up by 8p/kg over the next 5 weeks to finish the month at 106p/kg dwt; a three-month high. Nevertheless they were still 7p/kg (6.5%) short of their level in the same week last year. With the UK sow market highly sensitive to trade developments, a lower price than last year despite a more favourable exchange rate and tighter supplies (-4.5% year-on-year in May) suggests weak EU demand for UK sow meat. This may well be linked to increased supplies on the continent as farmers continue to adjust to sow stall legislation.







Having fallen sharply during May, prime pig prices across Europe recovered in June. Grade E pigs have risen by 10-15c/kg dwt on the month in most of the major pigmeat producing countries. In the week ended June 30th, grade E pigs traded at €1.77/kg dwt, 5% higher than in the same week last year and 3% above their year opening level. However, currency movements mean that, in sterling terms, the EU average has risen 8% since the start of 2013 and by 12% on the year.

During April the UK exported 11% more pigmeat than in the same month last year as shipments of pork rose 22% to 15,100t and sales of bacon and ham were broadly similar at almost 950t. Markets in East Asia continued to show significant growth.

UK pigmeat imports were 1.5% higher year-on-year in April at 46,350t with shipments of fresh and frozen product rising by 2.5% and imports of cured product fractionally higher. However, in the first third of the year, imports remained nearly 3% lower at 187,000t.

News Round up

Feed wheat prices continued to slide through June as prospects for new crops remained positive across the globe. Further declines have been driven by recent upwards revisions to crop forecasts for the EU. At the farmgate in North East Scotland, feed wheat traded at a 53-week low of £178/t in the week ending June 26. However, the soyameal market has heated up somewhat on the back of the USDA reporting that US stocks of soyabeans were 35% lower on June 1 2013 than a year earlier. By contrast, forward prices have eased after the USDA forecast a record planted area for soyabeans in 2013.

The new EU Member State, Croatia, reported a sow herd of 100,000 head in December 2012. This was down by more than a fifth from the previous year and less than half its level in December 2004. The number of fattening pigs also contracted last year, but to a much lesser extent. Numbers fell 5% to 428,000 head and were up by 5.5% compared with 2004. However, pigmeat production edged 0.5% higher year-on-year in Q1 2013, totalling 20,900t. During the 2012 calendar year, Croatian abattoirs produced 85,600t of pigmeat.

Provisional slaughter data for the EU28 shows that pork production fell by 1.5% year-on-year in Q1 2013 to stand at 5.6m tonnes. Production fell in most of the large pig-producing nations, with the exception of the UK, Belgium and Germany. Volumes edged forward in the UK and Germany (the EU's largest pigmeat producer) by 1% and grew 4% year-on-year in Belgium. By contrast, production in Poland fell 1%, in Italy and France it fell 2%, Spanish production fell 4%, Holland showed a decline of 5%, while Denmark posted the most significant decline of 7%. The large decline in Denmark may in part reflect increased exports of weaner pigs for finishing in Germany, in addition to industry restructuring ahead of January's sow stall ban. Provisional figures for April suggest that production picked up with volumes rising by 6% on the year for those Member States to have reported, and if this was consistent across the EU then it would be sufficient to push overall production in the first third of the year into expansion. Of those to report, UK production rose 2%, French by 4%, German by 6%, Belgian by 7% while Denmark rebounded by 8%. However, production figures for Spain, Italy, Holland and Poland are yet to be released.

According to IBGE, Brazilian abattoirs slaughtered 8.913m pigs in Q1 2013, an increase of nearly 2% on the year. The combination of higher throughput and heavier carcasses pushed pork production up 2.5% year-on-year to 851,000t. 12% of this meat was shipped overseas with the volume exported marginally lower than in Q1 2012 at 101,900t. Russia was the largest buyer. Despite a slightly greater proportion of domestically produced pigmeat remaining in Brazil, retail prices lifted by 6.5% as demand outstripped supply. This was in line with the overall increase in the cost of living in Brazil and was double the rate of growth in the average export price, which rose to $2,810/t (£1,825). Higher export values more than offset lower volumes, and receipts grew by 3% to $286.5m (£185m). Brazil's southernmost states of Santa Catarina and Rio Grande do Sul accounted for two-thirds of Brazilian pork exports during the first quarter, up from 63% a year earlier.

Russia has reported new cases of African Swine Fever (ASF) to the World Organisation for Animal Health (OIE). In the south of the country, the disease has affected farmed pigs in close proximity to the Ukrainian border, whereas in the north west there have been some cases in wild boar. Russian authorities have implemented control measures and the farms where cases have been reported have been disinfected. There has also been a case reported in a small pig unit in the west of Belarus, close to its borders with Lithuania and Poland. 1 animal was reported to have died as a result of the disease and 15 others have subsequently been culled. 'Stamping out' controls have been applied in Belarus. This includes increased monitoring around the infected area and movement restrictions. The recent EU Standing Committee of the Food Chain and Animal Health recommended that border control measures, such as disinfection of vehicles, are stepped up to minimise the risk of importing ASF. However, it is difficult to prevent wild boar from crossing borders and this poses an enhanced threat.

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